Why Pay ITT a Cent? Post 10.10.72

Chile took over ITT's local telephone company—worth $92 million, ITT says—a year ago. Talks on compensation proceeded but Chile alleged that ITT dragged its feet, evidently feeling it would get more money and sooner by collecting expropriation insurance from the United States government's insurance agency. Then, last March, columnist Jack Anderson disclosed ITT documents showing that the giant multinational corporation had dealt with CIA and other Washington agencies to consider preventing Chile's democratically elected President Allende from taking office in 1970. At that, Chile broke off the compensation talks.

ITT now is asking the U.S. insurance agency to pay off to the tune of $92 million of taxpayers' money. But why should ITT get a cent? Did it in fact drag its feet in compensation talk with Chile before the Anderson column appeared, counting on the insurance? Did it not provoke Chile to break off those talks, after the Anderson column by engaging in the kind of anti-Allende conspiracy its own documents describe? (And, while we're at it: will ITT, in order to get the insurance money, claim that its anti-Allende moves were sanctioned by Washington?) Fortunately, Senator Church's new multinational corporations subcommittee, established in the wake of the Chile-ITT flap last spring, is asking these questions. In an election-year case involving a dispute between a corporation closely identified with the Nixon administration, and a government at odds with the Nixon administration, one would not want to rely only on the answers of the particular government agency involved.

Beyond ITT, the whole idea of taxpayer insurance for corporations investing abroad needs deeper public and congressional scrutiny. Such insurance was begun after World War II to encourage the movement of American capital abroad, particularly into war-torn Europe. But that particular political purpose is no longer relevant. Nor is government stimulus now required to tempt American capital abroad in general. Lockheeds aside—granted, that is a big aside—domestic corporations don't get federal insurance. Why should multinationals? Are the risks all that much larger in relation to the profits? Moreover, as the ITT case suggests, the very fact that a multinational corporation has such insurance may incline it to questionable practices which it might not countenance if it knew it had to bear any negative financial consequences itself. An insurance program which offers corporations dubious economic incentives which in themselves carry gratuitous political risks hardly seems to fit the American national interest. Senator Church has got his work cut out for him. But it will be a useful and timely piece of work.